

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE ALLEN COUNTY WATER DISTRICT APPROVING TARIFF INCREASING THE WHOLESALE WATER RATE TO THE CITY OF SCOTTSVILLE FROM THE ALLEN COUNTY WATER DISTRICT (BASED ON THE INCREASE IN THE WHOLESALE WATER RATE FROM THE CITY OF GLASGOW TO THE ALLEN COUNTY WATER DISTRICT);

KRS 278.015(2) AND 807 KAR 5:068 provides essentially the manner in which a Water District may implement a Purchase Water Adjustment designed to recover the actual cost of water purchased by a Water District from a wholesale supplier.

The Allen County Water District purchases substantially all of its water from the Glasgow Water and Sewer Commission of Glasgow, Kentucky. By its Ordinance No. 2633, the City of Glasgow, Kentucky, established new rates for the Glasgow Water and Sewer Commission to charge increased new wholesale rates to be charged to its customers, including the Allen County Water District, effective July 1, 2008 (\$1.40 per 1,000 gallons to \$1.75 per 1,000 gallons) AND effective July 1, 2009 (\$1.75 per 1000 gallons to \$1.95 per 1,000 gallons). A copy of said Ordinance is attached hereto as a part hereof.

The Allen County Water District was notified of this increase by a letter from the Glasgow Water Company, dated May 16, 2008

By Letter dated July 25, 2008, to the Allen County Water District from its engineer, KENVIRONS, INC., the Water District was informed

"The indication is that the district could absorb the increased purchased water cost relative to the \$1.75 per thousand gallons rated along with the adjustments to the 2007 expenses. Next year the rate will increase to \$1.95. Based on the same parameters, the purchased water cost will increase an additional \$69,092, which would cause a negative net income of approximately \$41,000. The above calculations do not consider any customer growth, which would generate a small amount of additional revenues. The conclusion is that the district would absorb the initial \$1.75 per thousand rate, but not the \$1.95 that is proposed to be effective next year. The \$1.75 rate results in an increase in customer rate of \$0.41 per thousand gallons. The \$1.95 rate result in an additional \$0.23 per thousand gallons for a total of \$0.64 per thousand gallons."

By e-mail dated August 20, 2009, Kenvirons, Inc., Engineers for the Allen County Water District, provided its determination of the Wholesale Rate to be charged by the Allen County Water District to the City of Scottsville, based on the increase in the Wholesale Water Rate charged to the Allen County Water District by the City of Glasgow, Kentucky; that the existing rate charged by the Allen County Water District to the City of Scottsville is \$2.34 per one thousand gallons which would be increased to \$3.31 per one thousand gallons. Copy of which is attached.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS of the Allen County Water District, this 6th day of October, 2009, as follows:

1. That the Board of Commissioners adopts the Tariff increasing the Wholesale Water Rate from the Allen County Water District to the City of Scottsville from \$2.34 per one thousand gallons to \$3.31 per one thousand gallons. Copy of the Tariff being adopted herein is attached hereto.
2. That John H. Jones, Chairman of the Board of Commissioners of the Allen County Water District, is hereby authorized to sign for and on behalf of the Allen County Water District, the Tariff providing for the increase in Wholesale Water Rate to be charged by the Allen County Water District to the City of Scottsville.
3. That the City of Scottsville was notified of the increase by letter dated August 20, 2009.

4. That this Resolution is subject to the approval of the Kentucky Public Service Commission

The Resolution was put to a vote. There 5 ayes and 0 nays, and the Chairman declared the Resolution passed.

ALLEN COUNTY WATER DISTRICT

BY: John H. Jones
JOHN H. JONES, CHAIRMAN

ATTEST: Gregory A. Allen
SECRETARY